Quarterly general investor report

Kagiso Top 40 Tracker Fund

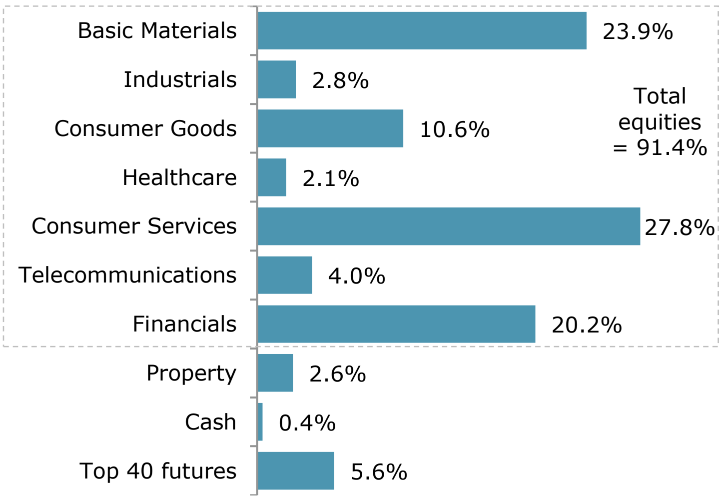
December 2018

Date of issue: 28 January 2019

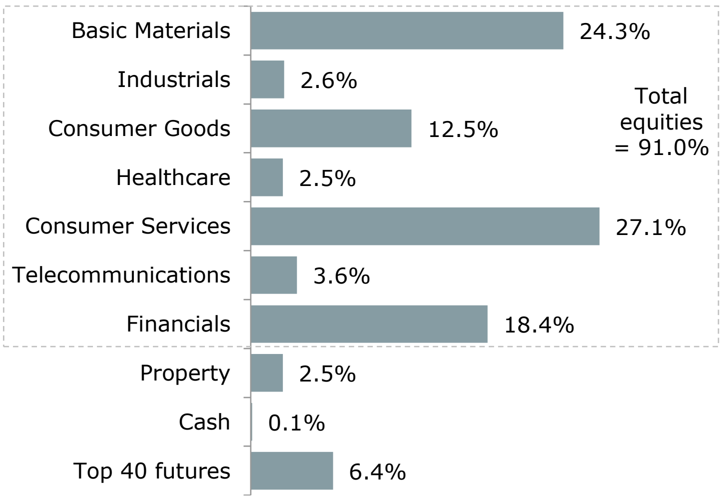
This fund aims to be fully invested in the entire stock selection of the JSE/FTSE Top 40 Index.

Asset and sector allocation

Quarter ended December 2018



Quarter ended September 2018



Top 10 holdings*

Quarter ended December 2018		Quarter ended September 2018	
Naspers	20.3%	Naspers	20.2%
BHP Billiton	10.4%	BHP Billiton	10.0%
Richemont	7.9%	Richemont	9.2%
Anglo American	5.2%	Anglo American	4.9%
Sasol	4.4%	Sasol	4.5%
FirstRand/RMB	3.9%	FirstRand/RMB	4.2%
Standard Bank	3.8%	Standard Bank	3.5%
MTN	2.6%	Mondi	2.9%
Mondi	2.4%	British American Tobacco	2.6%
British American Tobacco	2.3%	MTN	2.5%
Total	63.2%	Total	64.5%

* Top holdings comprise domestic equity, global equity and property.

Fund size R 58.61 million
NAV 6183.09 cpu
Number of participatory interests 947,928

Income distributions

31 December 2018	94.34	cpu
30 June 2018	86.16	cpu

Key indicators

Equity markets (total return)	Quarterly change
MSCI World Index (USD)	-13.4%
MSCI Emerging Market Equity (US Dollar return)	-7.5%
FTSE/JSE All Share Index	-4.9%
FTSE/JSE Resources Index	-5.0%
FTSE/JSE Financials Index	-0.4%
FTSE/JSE Industrials Index	-6.8%
Commodities and currency	**Quarterly change**
Platinum ($/oz)	-2.5%
Gold ($/oz)	7.7%
Brent Crude ($/barrel)	-35.9%
Rand/US Dollar (USD)	1.5%

Policy objective The fund adhered to the policy objective as stated in the Supplemental Deed
Additional information Please read this quarterly investment report in conjunction with the minimum disclosure document for the fund

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Economic growth continues to be strong, but is decelerating somewhat, especially outside of the US. Inflation increases have stalled as a result of the deceleration and the significant correction in the oil price. Above trend growth for the US economy should continue this year, but fiscal stimulus support will begin to taper off. In Europe and Japan, growth has decelerated further, although much of the 2018 weakness in Europe should prove temporary (adverse weather conditions and a highly disruptive automotive emission standards change). Chinese activity indicators (particularly trade) point to a continued overall growth slowdown despite additional monetary stimulus and the prospect of tax cuts.

The South African economy was much weaker than expected in 2018, particularly with contracting investment and very lacklustre consumption growth. This has resulted in significant weakness in domestically exposed equities. There is a risk that this weakness persists as the previously very supportive global economic backdrop continues to fade.

Over the quarter, developed equity markets were uniformly very weak in dollar terms with Japan (down 13.3%), Germany (down 15.1%) and France (down 14.8%) underperforming. Emerging markets (down 7.4% in dollar terms) were more mixed with Turkey, India and Brazil posting positive performance. 2018 has been a weak year for equity markets (down 8.2% overall).

Locally, the equity market was also weak this quarter (down 4.9%), with Financials (down 2%) outperforming. Industrials were down 6.8%, with heavyweights Naspers (down 5.2%) and Richemont (down 19.3%) contributing negatively. Retailers (Pepkor up 31.8%, Spar up 15.2% and Woolworths up 11.1%) outperformed, while Tongaat Hulett (down 24.6%), Mediclinic (down 23.6%) and AB Inbev (down 22.0%) detracted. Resources were also negative this quarter (down 5.0%), with precious metals outperforming (platinum miners up 18% and gold miners up 38%) and bulk and diversified miners lagging.

The local market had a weak year (down 8.5%) with divergent sectoral performances: Industrials were down 17.7%, Financials were down 4.1% and Resources were up 17.9%. Large caps (down 8.1%) outperformed mid caps and small caps (down 9.5% and 14.6% respectively).

After fees and trading costs, the fund performed marginally below its benchmark, the FTSE/JSE Top 40 Index, which closed the quarter down 5.3%.